

Message Text

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PAGE 01 SEOUL 03865 101349Z POSS DUPE
ACTION STR-04

INFO OCT-01 EA-07 IO-13 ISO-00 STRE-00 AGR-05 CIAE-00
COME-00 EB-07 INR-07 LAB-04 NSAE-00 EPG-02 SP-02
TRSE-00 FRB-03 OMB-01 L-03 ITC-01 SS-15 NSC-05
SSO-00 NSCE-00 INRE-00 /080 W
-----101558Z 114861 /41

O R 101149Z MAY 77
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC IMMEDIATE 3796
INFO AMEMBASSY TAIPEI
USMISSION GENEVA

C O N F I D E N T I A L SEOUL 3865

FOR STR ELECTRONICALLY

EO 11652: GDS
TAGS: ETRD, TW, US
SUBJECT: FOOTWEAR NEGOTIATIONS

REF: TAIPEI 2655

1. REFTEL REPORTED ON MAY 5-6 MEETINGS BETWEEN U.S. FOOTWEAR DELEGATION AND ROC. ROC NEGOTIATOR Y.T. WONG OFFERED DELEGATION FIRST DETAILED COMMENT ON U.S. DRAFT AGREEMENT AT A MEETING ON MAY 7.

2. DURATION - WHILE MAKING AN ARGUMENT FOR A TWO-YEAR AGREEMENT, WONG SAID ROC WAS PREPARED TO ACCEPT FOUR-YEAR AGREEMENT IF KOREA WOULD ALSO ACCEPT FOUR YEARS. WONG ASKED THAT A PARAGRAPH BE INCLUDED STATING THAT THE AGREEMENT IS TEMPORARY AND CANNOT BE EXTENDED. LANDE SUGGESTED THAT WHILE WE COUND NOT RULE OUT ALL POSSIBILITY OF EXTENDING THE AGREEMENT, WE COULD TRY TO COME UP WITH LANGUAGE DEALING WITH WONG'S CONCERN OVER AN EXTENSION.

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3. DATE OF BEGINNING OF THE PROGRAM - WONG WANTED THE PROGRAM TO BEGIN ON JUNE 28 AND LANDE EXPLAINED THAT BECAUSE OF, AMONG OTHER THINGS, THE SIGNIFICANT U.S. SHOE IMPORTS IN THE FIRST HALF OF 1977, THE PROGRAM WOULD HAVE TO BEGIN JUNE 1, I.E. FOOTWEAR BEARING A DATE OF EXPORT ON OR AFTER JUNE 1 WOULD BE COUNTED TOWARD THE RESTRAINT LEVEL. WONG SEEMED TO ACCEPT THE

JUNE 1 DATE.

4. SPACING - WONG AGAIN INSISTED THAT AGREEMENT NOT CONTAIN A REQUIREMENT THAT NO MORE THAN 60 PERCENT ENTER IN EITHER HALF OF A RESTRAINT YEAR. LANDE STATED WE STILL EXPLORING POSSIBILITY OF "BEST EFFORT" LANGUAGE OF TEXTILE AGREEMENTS.

5. CATEGORIES - WONG BROUGHT UP THE SUBJECT OF CATEGORY RESTRICTIONS AND SAID HE COULD ACCEPT CATEGORIES FOR LEATHER, PLASTIC AND OTHER, ONLY IF THERE WAS PROVISION FOR CARRY FORWARD, CARRY BACK AND SWINGS FROM CATEGORY TO CATEGORY. IN DISCUSSING CATEGORIES, WONG EXPRESSED CONCERN OVER U.S. CUSTOMS DETERMINATION OF CATEGORIES AND PROBLEM THAT COULD ARISE IN CLASSIFICATION AND ADMINISTRATION.

6. GROWTH - WONG DID NOT SEE GROWTH AS A PROBLEM AS LONG AS THERE WAS EQUITY BETWEEN KOREA AND TAIWAN. HE WANTED TOTAL PERCENTAGE OF ALLOWABLE GROWTH TO BE EQUIVALENT TO KOREA BUT WAS NOT CONCERNED IF KOREA HAD A FASTER GROWTH RATE IN THE EARLY YEARS (FRONT LOADING) THAN AT THE END (BACK LOADING).

7. EQUITY CLASE - WONG FOUND THE LANGUAGE IN THE EQUITY CLAUSE ALLOWING FOR CONSULTATION IN CASE THE ROC IS TREATED UNEQUITABLY VIS-A-VIS THIRD COUNTRIES TOO WEAK AND PROVIDED ROC INSUFFICIENT ASSURANCES. WONG ALSO INSISTED THAT ANY SPECIAL TREATMENT THAT CONFIDENTIAL

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KOREA GETS IN THE ADMINISTRATION OF THE PROGRAM SHOULD BE GIVEN TO ROC.

8. SHIFTS CREATING DISRUPTION OF NORMAL TRADE - WONG FELT THAT U.S. LANGUAGE RESERVING TO U.S. THE RIGHT TO TAKE REMEDIAL ACTION IF THERE ARE DISRUPTIVE SHIFTS FROM ONE CATEGORY OF SHOES TO ANOTHER WAS VERY DANGEROUS BECAUSE IT PROVIDED U.S. INDUSTRY WITH AN OPENING TO HARASS THE U.S. GOVERNMENT ABOUT DISRUPTIVE IMPORTS. THIS LED TO A REPEAT OF POINTS REPORTED IN REFTTEL, PARA 4, AND A DISCUSSION OF SHIFTS OUT OF CHEAP VINYL FOOTWEAR INTO POLYURETHANE.

9. ACTION REQUESTED - WONG HAS REPEATEDLY SAID THAT HE WOULD ACCEPT THE SAME PERCENTAGE ROLLBACK FROM 1976 AS WOULD KOREA. USING A 40 MILLION PAIR OR 20 PERCENT ROLLBACK FROM 1976, THE SPLIT BETWEEN TAIWAN AND KOREA WOULD BE 125 MILLION AND 35 MILLION. BECAUSE OF KOREA'S FUNDAMENTAL CONCERN WITH THE SIZE OF THE

ROLLBACK, NEGOTIATING TEAM WOULD APPRECIATE AUTHORITY
TO MOVE U.S. OFFER TO ROK FROM 30-34 MILLION PAIRS TO
30-35 MILLION PAIRS. THIS FALLS WITHIN GUIDELINES OF
OFFERING MAXIMUM OF 160 MILLION PAIR TOTAL TO BOTH
COUNTRIES.
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Message Attributes

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